

PRESS RELEASE

FOR IMMEDIATE RELEASE
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BROADWAY MARKET OWNER CONVICTED OF FRAUD

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on Friday, February 13, 2004, Houssam M. Dannaoui, age 47 years, of Phoenix, Arizona, was found guilty of Conspiracy to Defraud the United States and three counts of Theft from the Women, Infants and Children Nutrition Program, also known as the WIC Program, administered by the United States Department of Agriculture, by a federal jury at Phoenix, Arizona.

The evidence at trial showed that Dannaoui permitted some of his trusted customers to use their WIC vouchers to obtain merchandise from his store, which was not authorized for purchase with the WIC checks. The WIC Program provides supplemental nutrition for pregnant women and children up to five years of age via a voucher which lists the specific authorized items and can be used at any grocery store participating in the program. Dannaoui would discount the vouchers by approximately 50% from their face value in these unauthorized transactions but would nevertheless send the checks through the banking channels for payment by the government for their full face value.

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Dannaoui was also found guilty of a second form of fraud whereby he accepted fraudulently created WIC checks from the same woman who used 16 different identities to obtain WIC authorized Enfamil, a baby formula, as well as other food items. The Enfamil was repurchased by Dannaoui and his staff for approximately one half of the government paid price and resold to the public for the enhanced profit. Dannaoui's former codefendants, Marie Castaneda, a former WIC employee, is currently serving a 15-month prison sentence. Norma Patricia Vilchis de Colin, the other co-defendant, who is pending sentencing, testified against the defendant concerning the arrangement for the purchase of in excess of 1,000 cans of fraudulent obtained Enfamil.

The defendant remains on his own recognizance pending his sentencing. The Department of Agriculture will seek revocation of the defendant's license to participate as a vendor in the WIC program.

Dannaoui, had been charged with violating Title 18 of the United States Code, Section 371, Conspiracy and Title 42 United States Code, Section 1760(g), Theft from the WIC Program. The case was tried before United States District Court Judge Susan R. Bolton between February 6 and the 13, 2004

A conviction for each count carries a maximum penalty of five years, a \$ 250,000.00 fine or both.

The investigation leading to the guilty verdict was conducted by Special Agents from the Office of the Inspector General of the United States Department of Agriculture.

Sentencing is set before Judge Bolton on April 26, 20004.

The prosecution is being handled by Richard I. Mesh, Assistant United State Attorney, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR-03-266-030PHX-SRB
RELEASE NUMBER: 2004-036

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